

Minutes of the meeting held on July 6, 2021

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, John Shinkwin, Ellen Philbin, James Quirk and Chris Burns.

Left Early: Nadia Chamblin-Foster (Not present for agenda items 7 and 9-18)

The meeting was called to order at 1:00 PM. The meeting was digitally recorded. The entire meeting was conducted by Webex videoconference.

Agenda Item #1 - Investment Policy Statement

The Board reviewed a draft investment policy statement. Rafik Ghazarian appeared to review the statement. Ghazarian stated that the statement should be reviewed periodically and updated. Monagle noted that one section of the statement had not been updated to reflect the most recent change in the assumed rate of return. Ghazarian stated that this could be updated, and noted that the statement also did not reflect the change to the allocation targets that were adopted in June. Monagle stated that he would like to include language stating that the Board encourages women and minority owned investment firms to respond to RFPs. Kale requested that Ghazarian provide a copy of the draft which notes all the changes from the last version adopted by the Board. The Chairman stated that he would like to state that the Board does consider ESG factors in making manager selections. Gardner said that he would oppose voting on the policy until after Segal prepares a final draft which incorporates the changes that Monagle and Kale requested. Quirk stated that he has reviewed the document and that he requested changes to the proxy voting policy, which were incorporated into the present draft. The Chairman requested that the matter be tabled until the September meeting and the Board agreed without objection. He also requested that the revised policy be drafted so as to be effective as of January 1, 2022.

Gardner noted a recent article in the Wall Street Journal which notes that the Emerging Markets Debt asset class is a poor candidate for indexing. Ghazarian noted that the system currently uses two active managers in this asset class. He stated that Segal agrees that this sleeve should not be indexed and offered to send over additional materials from his research department.

Agenda Item #2 – Minutes

Motion by Monagle, seconded by Gardner to accept the minutes of the investment review meeting held on June 3, 2021. Voted unanimously.

Motion by Gardner, seconded by Shinkwin to accept the regular minutes of the meeting held on June 7, 2021. Voted unanimously.

Motion by Shinkwin, seconded by Gardner to accept the executive session minutes of the meeting held on June 7, 2021. Voted unanimously.

Agenda Item #3 - Warrants

Motion by Monagle, seconded by Shinkwin to accept payment of Warrant #12 in the amount of \$8,203,664.77 and Warrant #13 in the amount of \$210,349.64. Gardner requested information on the Boston 3(8)(c) payment and Burns reported that Boston pays significantly more to Cambridge than Cambridge pays to Boston. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Agenda Item #4 – Superannuations

Motion by Monagle, seconded by Shinkwin to accept the Superannuation retirement applications submitted by: Margaret Beucler, Instructional Aide, School Dept. with forty-one years, eight months; Robin Hayes, Teaching Assistant, School Dept. with twenty-four years, two months; Ardemis Kilroy, Senior Librarian with twenty-six years, nine months; Ellen Lapowsky, Nurse

Midwife, Cambridge Health Alliance with twenty-two years, eleven months; Elizabeth Lint, Executive Director, License Commission with twenty years, five months; Catherine Mitrano, Project Administrator, Dept. of Public Works with twenty-one years, two months; Patricia Nicoloso, Registered Nurse, Cambridge Health Alliance with sixteen years, three months; Deborah Sarson, Adult Nurse Practitioner, Cambridge Health Alliance with thirty years, nine months. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Agenda Item #5 - Make-ups/Redeposits/Liability

The Board reviewed make-up and redeposit worksheets for five members. Motion by Gardner, seconded by Shinkwin to allow the make-up of deductions requested by Carmen M. Gonzales for one year, four months; Joseph A. Hallissey for one year, eleven months; Kelley-Anna M. Leary for six years, one month; Elijah Santos for one month; and Anthony D. Taylor for one month. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Agenda Item #6 – Refund Applications

The Board reviewed nine refund applications submitted in June. Motion by Gardner, seconded by Shinkwin to accept nine refund applications. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Agenda Item #7 – Remote Participation

The Board reviewed the correspondence from Attorney Quirk regarding the adoption of a remote participation policy.

Quirk stated that under changes to the law adopted in June, the Board would no longer need to have a physical quorum present at the location of the meeting, so long as members of the public have access to a videoconference of the meeting.

Gardner moved to adopt the proposed policy on remote participation. Shinkwin seconded the motion and it was voted unanimously.

Agenda Item #8 – PERAC Memos

The Board reviewed PERAC Memos 16 and 17. No action was taken.

Agenda Item #9 - Old Business

Not needed.

Agenda Item #10 - New Business

Burns stated that he planned to review the Webex system to see if it would be the best option for a live broadcast of meetings in the office conference room. He stated that he would have a broadcast solution in time for the September meeting.

The Chairman noted that the system has received notification that Campbell Timber was purchased by JP Morgan. Segal is preparing a memo describing any potential impact from this change.

Agenda Item #12 - Chairman's Report

The Chairman stated that he and Quirk would participate in another mediation related to the Spectrum litigation, held on July 21.

Agenda Item #16 – Executive Director's Report

The Director reported that the system is in the process of contacting retirees who are delinquent in filing their 91A forms. Any retiree who does not submit their forms will be subject to a hearing on suspension of their benefit in September.

The system is also working to contact retirees who have not submitted their annual affidavit.

The system received their full appropriation payment in the amount of \$54 million on July 1. Segal is working to deploy the money.

KPMG has begun their audit of the system and is now reviewing financial records.

Burns reported on the recent hack of Kaseya systems. The system's IT provider does use Kaseya to manage updates on servers and desktops but Cambridge was not affected by the hack. Monagle asked if the system should develop a policy on how to respond to ransomware attacks. Gardner stated that he felt adopting a policy, which would presumably be made public, might make the system a target for attacks. Burns discussed the process of backing up files on an offsite facility and of verifying all transfers of money in order to minimize exposure to a hack.

Burns reported that John Shinkwin has submitted valid nomination papers to run for a seat on the retirement Board. Candidates may submit papers up until July 27.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- Coronavirus Update – Notice Regarding GJU Operations Effective June 15, 2021
- DALA decision re: Elizabeth Guilherme
- April Financials – General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursements, Cash Receipts, Wire Transfers.
- Campbell Global announcement
- Loomis Sayles – Change in Relationship Management Duties

Monagle moved to adjourn at 2:10 PM.